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7 Attorneys for CAPITAL FARMS, INC.  
Debtor in Possession

8 UNITED STATES BANKRUPTCY COURT

9 EASTERN DISTRICT OF CALIFORNIA - FRESNO DIVISION

10 In re:

11  
12 CAPITAL FARMS, INC.,

13  
14  
15 Debtor and Debtor-in-Possession.

Case No. 25-10074-A-12

Chapter 12

D.C. No. FW-2

Date: July 16, 2025

Time: 9:30 a.m.

Place: Dept. A, Courtroom 11, 5<sup>th</sup> Floor  
United States Courthouse  
2500 Tulare St., Fresno, California  
Judge: Hon. Jennifer E. Niemann

17 **ORDER GRANTING USE OF CASH COLLATERAL AND SETTING CONTINUED**  
18 **HEARING DATE**

19 A hearing on the Motion to Use Cash Collateral (the “Motion”) by CAPITAL FARMS,  
20 INC., Debtor and Debtor in Possession herein (“Debtor”) was held at the above-captioned  
21 dated, time, and place. Peter L. Fear appeared for the Debtor in Possession. Fernando Almarez  
22 appeared for Secured Creditor Rabo Agrifinance LLC (“Rabo”). Lilian Tsang, Chapter 12  
23 Trustee appeared. Other appearances were as noted on the record. The Court has reviewed the  
24 Motion and its supporting documents, and all oppositions and replies with regard to the

1 Motion. In light of the foregoing, the Court finds good cause to authorize use of cash collateral  
2 as detailed below.

3 NOW THEREFORE, it is hereby ORDERED,

4 1. Debtor is authorized to use cash collateral in the amounts shown on Exhibit A  
5 (the “Budget”) for the time period of July 24, 2025 to September 3, 2025 (the “Interim Period”),  
6 subject to a variance of no more than ten percent (10%). The budget shall not include payment  
7 of any wages of insiders, other than the “Payroll Admin Office” shown on the budget. For any  
8 lease payments owed by Debtor during the Interim Period, Debtor shall pay the lease payment  
9 to the secured creditor of the lessor directly.

10 2. All creditors with a security interest in the cash collateral being used are hereby  
11 granted automatically-perfected replacement liens on, and security interests in, all of the  
12 respective Debtors’ tangible and intangible prepetition and postpetition property (retroactive as  
13 of the petition date) with the same validity, priority, and extent that such creditors had in such  
14 prepetition collateral as of the petition date, without the need to file or record financing  
15 statements, notices of lien, or similar instruments or to take any other action in order to validate  
16 and perfect these replacement liens and security interests.

17 3. Debtor shall deposit any cash collateral it receives into its bank account at  
18 Citizens Business Bank (ending in 3506) (the “CBB Account”).

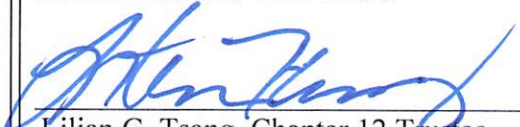
19 4. As previously ordered, each Friday Debtor shall continue to file (1) a weekly  
20 budget variance report for the weekly budget period ending the immediately preceding  
21 Wednesday, and (2) a printout from the CBB Account showing all transactions into and out of  
22 the account during the weekly budget period.

1           5.       A further hearing on use of cash collateral will be held on August 27, 2025, at  
2 9:30 a.m. Debtor shall file and serve an updated budget no later than August 13, 2025. Any  
3 opposition to the use of cash collateral may be raised at the continued hearing.  
4  
5

6 **Dated:** July 17 2025

7   
8 Honorable Jennifer E. Niemann  
9 United States Bankruptcy Judge

10 APPROVED AS TO FORM:  
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13 Lilian G. Tsang, Chapter 12 Trustee  
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# Exhibit A

Capital Farms Inc.  
Cash Collateral Weekly Budget July 24, 2025 thru Sep 3, 2025

|                                   | Budget<br>Jul24-Jul30 | Budget<br>Jul31-Aug6 | Budget<br>Aug7-Aug13 | Budget<br>Aug14-Aug20 | Budget<br>Aug21-Aug27 | Budget<br>Aug28-Sep3 |
|-----------------------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|
| Beginning Cash Balance            | 340,750.54            | 149,635.40           | -28,905.54           | 275,640.71            | 205,280.71            | 142,970.71           |
| <b>OPERATING INCOME</b>           |                       |                      |                      |                       |                       |                      |
| Campos Brothers                   |                       |                      |                      |                       |                       |                      |
| Duche Nut                         |                       |                      |                      |                       |                       |                      |
| Vann Family                       |                       |                      |                      |                       |                       |                      |
| Bapu Farms                        |                       |                      |                      |                       |                       |                      |
| Crop Insurance                    |                       |                      |                      |                       |                       |                      |
| Brawley                           |                       |                      |                      |                       |                       |                      |
| Jameson                           |                       |                      |                      |                       |                       |                      |
| Brewer                            |                       |                      |                      |                       |                       |                      |
| Senky                             |                       |                      |                      |                       |                       |                      |
| Natomas                           |                       |                      |                      |                       |                       |                      |
| FSA Grant Payments                |                       |                      |                      |                       |                       |                      |
| Custom Harvesting Work            |                       |                      |                      |                       |                       |                      |
| Other/ Interest                   |                       |                      |                      |                       |                       |                      |
| Processor Advance                 |                       |                      | 400,000.00           |                       |                       |                      |
| <b>Total Gross Income</b>         | <b>0.00</b>           | <b>0.00</b>          | <b>400,000.00</b>    | <b>0.00</b>           | <b>0.00</b>           | <b>0.00</b>          |
| <b>Cost of Goods Farming</b>      |                       |                      |                      |                       |                       |                      |
| PCA & Analysis, Tech Lab          |                       |                      |                      |                       |                       |                      |
| Contractor Labor                  | 14,000.00             | 18,000.00            | 18,000.00            | 18,000.00             | 18,000.00             | 18,000.00            |
| Labor - General                   | 15,960.00             | 15,960.00            | 15,960.00            | 15,960.00             | 15,960.00             | 15,960.00            |
| Tree Removal/Replant              |                       |                      |                      |                       |                       |                      |
| Farm Equipment Payments           | 6,557.95              |                      |                      |                       |                       | 7,091.26             |
| Car & Truck Payments              |                       |                      |                      | 4,500.00              |                       |                      |
| Parts & Supplies                  | 4,200.00              | 2,000.00             | 2,000.00             | 2,000.00              | 2,000.00              | 2,000.00             |
| Machine Hire                      |                       |                      |                      |                       |                       |                      |
| Diesel & Fuel                     | 5,437.31              | 5,000.00             | 5,000.00             | 5,000.00              | 5,000.00              | 5,000.00             |
| General Repairs & Maint           | 4,125.00              | 3,000.00             | 3,000.00             | 3,000.00              | 3,000.00              | 3,000.00             |
| Farm Maintenance Building         |                       |                      |                      |                       |                       |                      |
| Irrigation Repairs                |                       |                      |                      |                       |                       |                      |
| Irrigation Parts / Materials      |                       |                      |                      |                       |                       |                      |
| Pollination                       |                       |                      |                      |                       |                       |                      |
| Irrigation Utilities              | 12,500.00             | 12,500.00            | 12,500.00            | 12,500.00             | 12,500.00             | 12,500.00            |
| Water Coalition Permit Fees       |                       |                      |                      |                       |                       |                      |
| District Surface Water Purchases  |                       |                      |                      |                       |                       |                      |
| Irrigation Transportation / Fuel  |                       |                      |                      |                       |                       |                      |
| Fertilizers & Applications        |                       |                      |                      |                       |                       |                      |
| Herbicide Material & Applications |                       |                      |                      |                       |                       |                      |
| Fungicide Material & Applications |                       |                      |                      |                       |                       |                      |
| Pesticide Material & Applications |                       |                      |                      |                       |                       |                      |
| Rodent Control                    |                       |                      |                      |                       |                       |                      |

|   | Budget<br>Jul24-Jul30 | Budget<br>Jul31-Aug6 | Budget<br>Aug7-Aug13 | Budget<br>Aug14-Aug20 | Budget<br>Aug21-Aug27 | Budget<br>Aug28-Sep3 |
|---|-----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|
| Winter Sanitation                         |                       |                      |                      |                       |                       |                      |
| Other Costs                               |                       |                      |                      |                       |                       |                      |
| Harvest Hauling                           |                       |                      |                      |                       |                       |                      |
| Harvest Hulling                           |                       |                      |                      |                       |                       |                      |
| <b>Total Cost of Goods</b>                | <b>62,780.26</b>      | <b>56,460.00</b>     | <b>56,460.00</b>     | <b>60,960.00</b>      | <b>56,460.00</b>      | <b>63,551.26</b>     |
| <b>GROSS PROFIT</b>                       | <b>-62,780.26</b>     | <b>-56,460.00</b>    | <b>343,540.00</b>    | <b>-60,960.00</b>     | <b>-56,460.00</b>     | <b>-63,551.26</b>    |
| <b><u>Operating Expenses</u></b>          |                       |                      |                      |                       |                       |                      |
| Accounting                                |                       |                      |                      | 1,000.00              |                       |                      |
| Permits, Fees, Licenses                   |                       |                      |                      |                       |                       |                      |
| Dues & Subscriptions                      |                       |                      |                      |                       |                       |                      |
| Office Supplies & Software                |                       |                      | 500.00               |                       |                       |                      |
| DMV Fees                                  |                       |                      |                      |                       |                       |                      |
| Bank Fees                                 |                       | 20.00                |                      |                       |                       | 20.00                |
| Consulting Fees CRO                       |                       | 5,000.00             |                      |                       |                       | 5,000.00             |
| Insurance Property Casualty               |                       |                      |                      |                       |                       |                      |
| Insurance Workers Comp                    |                       | 4,000.00             |                      | 4,000.00              |                       |                      |
| Payroll Admin Office                      |                       | 4,000.00             |                      | 4,000.00              |                       |                      |
| Payroll Processing Fee                    |                       |                      |                      | 400.00                |                       |                      |
| Payroll Tax Expense                       |                       |                      | 4,000.00             |                       |                       | 4,000.00             |
| Telephone / Internet                      |                       |                      |                      |                       | 550.00                |                      |
| Insurance Crop                            |                       |                      |                      |                       |                       |                      |
| <i>Lease / Loan / Protection Payments</i> |                       |                      |                      |                       |                       |                      |
| Brewer                                    | 128,034.88            |                      |                      |                       |                       |                      |
| Brewer Improvements                       |                       | 109,060.94           |                      |                       |                       |                      |
| Senky (MetLife)                           |                       |                      |                      |                       |                       |                      |
| Baseline (MetLife)                        |                       |                      |                      |                       |                       |                      |
| Brawley                                   |                       |                      |                      |                       |                       |                      |
| Brawley Improvements 1                    |                       |                      |                      |                       |                       |                      |
| Brawley Improvements 2                    |                       |                      | 7,500.00             |                       |                       |                      |
| Jameson                                   |                       |                      | 7,493.75             |                       |                       |                      |
| Natomas                                   |                       |                      | 19,500.00            |                       |                       |                      |
| Tech Ag Payment                           |                       |                      |                      |                       | 5,000.00              |                      |
| Yard Rental                               | 300.00                |                      |                      |                       | 300.00                |                      |
| Taxes                                     |                       |                      |                      |                       |                       |                      |
| <i>Property Taxes</i>                     |                       |                      |                      |                       |                       |                      |
| Brewer                                    |                       |                      |                      |                       |                       |                      |
| Senky                                     |                       |                      |                      |                       |                       |                      |
| Baseline                                  |                       |                      |                      |                       |                       |                      |
| Brawley                                   |                       |                      |                      |                       |                       |                      |
| Jameson                                   |                       |                      |                      |                       |                       |                      |
| Natomas                                   |                       |                      |                      |                       |                       |                      |
| <b>Total Expense</b>                      | <b>128,334.88</b>     | <b>122,080.94</b>    | <b>38,993.75</b>     | <b>9,400.00</b>       | <b>5,850.00</b>       | <b>9,020.00</b>      |
| <b>WEEKLY NET OPERATING INCOME (LOSS)</b> | <b>-191,115.14</b>    | <b>-178,540.94</b>   | <b>304,546.25</b>    | <b>-70,360.00</b>     | <b>-62,310.00</b>     | <b>-72,571.26</b>    |
| <b>Ending Cash Balance</b>                | <b>149,635.40</b>     | <b>-28,905.54</b>    | <b>275,640.71</b>    | <b>205,280.71</b>     | <b>142,970.71</b>     | <b>70,399.45</b>     |